

## Message Text

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ORIGIN EB-11

INFO OCT-01 ARA-16 ISO-00 SSO-00 NSCE-00 INRE-00 COME-00

INT-08 SCI-06 TRSE-00 SCEM-02 STR-08 CIEP-02 OMB-01

NEA-10 AID-20 PM-07 NSC-10 SPC-03 SS-20 RSC-01 L-03

H-03 PRS-01 CIAE-00 INR-10 NSAE-00 /143 R

DRAFTED BY EB/ORF/FSE:WBWHITMAN:CJR

APPROVED BY EB/ORF/FSE - MR. BENNSKY

ARA/NC - MR. FORRESTER

ARA/CEN - MR. LAZAR

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O R 301623Z NOV 73

FM SECSTATE WASHDC

TO AMEMBASSY CARACAS IMMEDIATE

INFO AMEMBASSY GUATEMALA

AMEMBASSY SAN JOSE

AMEMBASSY TEGUCIGALPA

AMEMBASSY PANAMA

AMEMBASSY PORT OF SPAIN

C O N F I D E N T I A L STATE 234975

E.O. 11652: GDS--DECLAS. DEC. 31, 1979

TAGS: ENRG

SUBJECT: GOV OFFICIAL THREATENS ALLOCATION OF ROYALTY OIL

1. BOB SHIELDS OF TEXACO-CORAL GABLES PHONED DEPARTMENT (FSE) ON NOVEMBER 29 TO REPORT THAT TEXACO REP CARACAS HAS BEEN CALLED IN BY MINISTER OF MINES AND HYDROCARBONS PEREZ LA SALVIA TO DISCUSS SUPPLY CUTBACKS PLANNED BY COMPANY FOR SEVERAL CA COUNTRIES, MOST NOTABLY GUATEMALA, COSTA RICA, AND HONDURAS. PEREZ REPORTEDLY EXTREMELY UPSET ABOUT THESE REDUCTIONS BUT EVINced NO UNDERSTANDING OF THEIR GENESIS. HE WENT ON TO THREATEN THAT IF CUTS ACTUALLY IMPOSED, GOV MIGHT SEIZE PORTION OF TEXACO ROYALTY OIL FOR DISTRIBUTION TO AFFECTED COUNTRIES

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IN ORDER TO RECTIFY SITUATION. SHIELDS NOTED THAT THIS WOULD ABROGATE RECENTLY CONCLUDED ROYALTY OIL AGREEMENT AND MIGHT RESULT IN SITUATION WHERE GOV, LIKE ARABS, INFORMS COMPANIES WHERE THEY MAY SHIP OIL AND IN WHAT QUANTITIES.

2. SHIELDS OR ANOTHER COMPANY OFFICIAL WILL BE VISITING

CARACAS ASAP (PERHAPS NOVEMBER 29 OR 30) TO INFORM PEREZ OF TEXACO SUPPLY SITUATION, AND EMPHASIZING THAT ARAB BOYCOTTS HAVE SIGNIFICANTLY REDUCED THROUGHPUT AT THEIR TRINIDAD AND PANAMA REFINERIES. AVAILABLE OIL REMAINING (INCLUDING VENEZUELAN) WILL THEREFORE HAVE TO BE POOLED AND REALLOCATED AMONG ALL CUSTOMERS. SHIELDS REAFFIRMED TEXACO INTENTION TO CARRY OUT A POLICY OF EQUITABLE APPORTIONMENT AMONG CA AND OTHER RECIPIENTS.

3. WE DISCUSSED WITH SHIELDS THE OBVIOUS ADVISABILITY OF MAKING A FULL AND FRANK PRESENTATION OF THE SUPPLY SITUATION, NOT ONLY TO PEREZ, BUT TO OIL AUTHORITIES IN THE CUSTOMER COUNTRIES. SHIELDS AGREED, NOTING HOWEVER THAT ALL COMPANY OFFICIALS CAPABLE OF MAKING SUCH A PRESENTATION WERE NOTALLY OCCUPIED IN WORKING OUT ALLOCATION AND OTHER LOGISTICAL PROBLEMS AND COULD BE SPARED ONLY WITH GREAT DIFFICULTY.

4. SHIELDS SPECIFICALLY REQUESTED THAT EMBASSY CARACAS NOT RPT NOT INTERCEDE OR DISCUSS THIS MATTER WITH GOV. TEXACO FIRST WANTS OPPORTUNITY TO MAKE ITS PRESENTATION TO PEREZ; IF HE REMAINS ADAMANT EMBASSY ASSISTANCE MAY THEN BE SOUGHT. KISSINGER

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**Decaption Date:** 01 JAN 1960  
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**TAGS:** ENRG  
**To:** CARACAS  
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